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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

8-66840

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING April 1, 2007 AND ENDING March 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Karvy, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

27 Cliff street

(No. and Street)

New York

(City)

NY

(State)

10038

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Paolilli, Jarek & Der Ananian, LLC

(Name - if individual, state last, first, middle name)

319 Littleton Road

(Address)

Westford

(City)

MA

(State)

01866

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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information contained in this form are not required to respond
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Handwritten initials

OATH OR AFFIRMATION

I, Uday M Raval, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Karry, Inc., as of March 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

JONATHAN EMBRACK
Notary Public - State of New York
No. 01EM6173028
Qualified in Queens County
My Commission Expires August 20, 2011

Uday M Raval
Signature
Director
Title

Jonathan Embrack
Notary Public

This report ** contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

KARVY, INC.
FINANCIAL STATEMENTS

March 31, 2008

**Paolilli, Jarek &
Der Ananian, LLC**

**CERTIFIED PUBLIC
ACCOUNTANTS**

KARVY, INC.

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Gerald F. Paolilli, CPA
Roger P. Jarek, Jr., CPA
Paul G. Der Ananian, CPA

**Paolilli, Jarek &
Der Ananian, LLC**
CERTIFIED PUBLIC
ACCOUNTANTS

Tel. 978.392.3400
Fax. 978.392.3406

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319 Littleton Road, Suite 101
Westford, MA 01886

Independent Auditors' Report

To the Board of Directors
KARVY, INC.
New York, New York

We have audited the accompanying balance sheets of KARVY, INC., as of March 31, 2008 and 2007, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

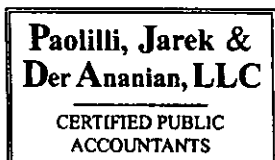
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KARVY, INC. as of March 31, 2008 and 2007, and the results of its operations, changes in stockholder's equity, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditors' Report - continued

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in supplementary schedules contained on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic financial statement, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Paolilli, Jarek & Der Ananian, LLC
Paolilli, Jarek & Der Ananian, LLC
Certified Public Accountants

Westford, Massachusetts
May 1, 2008



KARVY, INC.

BALANCE SHEETS
As of March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Assets:</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 343,484	\$ 228,966
Other current assets	<u>5,054</u>	<u>6,873</u>
Total Current Assets	348,538	235,839
<u>Fixed assets, net</u>	11,229	16,641
<u>Deposit</u>	<u>10,000</u>	<u>10,000</u>
Total Assets	<u>\$ 369,767</u>	<u>\$ 262,480</u>
 <u>Liabilities and Stockholder's Equity:</u>		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ <u>37,152</u>	\$ <u>4,728</u>
<u>Stockholder's Equity:</u>		
Common Stock, No Par Value, 1,500 shares authorized	995,000	995,000
Accumulated Deficit	<u>(662,385)</u>	<u>(737,248)</u>
	<u>332,615</u>	<u>257,752</u>
Total Liabilities and Stockholder's Equity	<u>\$ 369,767</u>	<u>\$ 262,480</u>

KARVY, INC.

STATEMENTS OF OPERATIONS
For the Years Ended March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Revenues:</u>		
Retainer fee income	\$ 747,475	\$ 314,845
Retainer fee income - related party	40,000	10,000
Commission Income	2,700	600
Interest	1,257	1,299
Other	<u>35,000</u>	<u>58</u>
	<u>826,432</u>	<u>326,802</u>
<u>Operating expenses:</u>		
Professional fees	214,773	169,939
Salaries and related expenses	212,770	177,990
Clearing charges	75,533	12,523
Marketing and promotion	59,061	39,500
Occupancy	35,944	35,684
Travel and entertainment	33,103	40,154
Quote service	30,315	30,083
Regulatory compliance	25,402	24,073
Miscellaneous	21,396	16,598
Communications	17,809	19,751
Depreciation	6,438	5,089
Conferences	6,200	75
Dues and subscriptions	4,648	1,022
Office supplies and expense	4,506	4,802
Insurance	<u>3,671</u>	<u>1,329</u>
Total operating expenses	<u>751,569</u>	<u>578,612</u>
<u>Income (loss) before income taxes</u>	<u>74,863</u>	<u>(251,810)</u>
<u>Provision for income taxes</u>		
Current year provision	19,978	0
Net operating loss carryover benefit	<u>(19,978)</u>	<u>0</u>
	<u>0</u>	<u>0</u>
Net Income (Loss)	\$ <u><u>74,863</u></u>	\$ <u><u>(251,810)</u></u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

The accompanying notes are an integral part
of these financial statements.

KARVY, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
For the Years Ended March 31, 2008 and 2007

	<u>Common Stock</u>		<u>Accumulated</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Total</u>
<u>Balance, March 31, 2006</u>	13	\$ 725,000	\$ (485,438)	\$ 239,562
Capital Contributions	10	270,000	0	270,000
Net Loss		0	(251,810)	(251,810)
<u>Balance, March 31, 2007</u>	23	995,000	(737,248)	257,752
Net Income			74,863	74,863
<u>Balance, March 31, 2008</u>	23	\$ 995,000	\$ (662,385)	\$ 332,615

KARVY, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Cash Flows from Operating Activities:</u>		
Net Income (Loss)	\$ 74,863	\$ (251,810)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation	6,438	5,089
Decrease in other current assets	1,819	5,408
Increase in accounts payable and accrued expenses	<u>32,424</u>	<u>(15,820)</u>
Net cash provided (used) by operating activities	115,544	(257,133)
<u>Cash Flows used in Investing Activities:</u>		
Purchase of fixed assets	(1,026)	(5,278)
<u>Cash Flows from Financing Activities:</u>		
Capital contributions	<u>0</u>	<u>270,000</u>
Net increase in cash and cash equivalents	114,518	7,589
<u>Cash and cash equivalents - Beginning,</u>	<u>228,966</u>	<u>221,377</u>
<u>Cash and cash equivalents - Ending,</u>	<u>\$ 343,484</u>	<u>\$ 228,966</u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

The accompanying notes are integral part
of these financial statements.

KARVY, INC

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 1. Summary of Significant Accounting Policies

NATURE OF BUSINESS

Karvy, Inc. "the Company", was organized on September 18, 2003 as a wholly owned subsidiary of Karvy Consultants Ltd, India, "Karvy Consultants". Karvy Consultants is a member of the Karvy Group, an integrated financial services provider based in India. The Company, which is located in New York City, is a registered Broker and Dealer in securities. The Company is subject to the regulations of certain federal and state agencies, and undergoes periodic examinations by the Financial Industry Regulatory Authority.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Recognition of Income

The Company receives consulting fees for advising Indian clients on U.S. entry strategy, capital raising in the United States, and business/market strategies. The company also advises Indian business clients on cross-border, U.S./India transactions. This income is recognized as revenue in the respective months for which these fees relate. At March 31, 2008, there were no accounts receivable for services provided or deferred revenue from customer prepayments.

Fixed Assets

Fixed assets are depreciated for financial reporting purposes using the straight-line method over the following estimated useful lives:

Computer and office equipment	5 years
Furniture and fixtures	7 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

See independent auditors' report.

KARVY, INC

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 2. Fixed Assets

At March 31, 2008, the Company's fixed assets consisted of:

Computer and office equipment	\$ 21,019
Furniture and fixtures	<u>6,154</u>
	27,173
Less accumulated depreciation	<u>(15,944)</u>
Fixed assets, net	\$ <u>11,229</u>

Note 3. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1). This rule requires the maintenance of minimum net capital, and also requires that the ratio of aggregate indebtedness to net capital, as defined by rule 15c3-1, shall not exceed 15 to 1. The rule provides that equity capital may not be withdrawn, liabilities subordinated to claims of general creditors may not be repaid, or cash dividends may not be paid if the resulting capital ratio would exceed 10 to 1. At March 31, 2008, the Company had net capital in excess of its required net capital.

Note 4. Commitments

The Company leases office space in New York City under a three year lease term ending September 30, 2007. The lease has been extended for an additional six month term expiring March 31, 2008.

Note 5. Focus (Form X - 17a - 5) Report

A copy of the Company's most recent, annually audited Focus Form X-17a-5 Report (March 31, 2008) is available for examination at the principal office of the firm and at the regional office of the Securities and Exchange Commission.

KARVY, INC

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

Note 6. Exempt Provisions Under Rule 15c3-3

The Company claims an exemption from Securities and Exchange Commission Rule 15c3-3(k) (2) (ii), as an introducing broker or dealer who clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, which carries all the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to rule 17a-3 and 17a-4, as are customarily made by a clearing broker or dealer.

Note 7. Income Taxes

Since inception, the Company has incurred net operating losses totaling \$734,000. An income tax benefit of approximately \$20,000, arising from the use of prior years' net operating losses of \$78,000 to offset taxable income in 2008, has been included in the 2008 statement of operations. In addition, the Company has not recorded a deferred tax asset representing the potential income tax benefit that may arise when the available prior years' net operating losses are applied against taxable income which may arise in future years.

The availability of prior years' net operating losses, which may be utilized to offset future years' taxable income, will expire as follows:

<u>March 31,</u>	
2025	\$ 88,000
2026	318,000
2027	<u>250,000</u>
	<u>\$656,000</u>

Note 8. Related Party Transactions

The Company received revenues of \$40,000 and \$10,000 during the years ended March 31, 2008 and 2007, respectively, from Karvy Global Services, Inc., an entity related to the Company through the Karvy Group of financial services companies.

KARVY, INC.

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
As of March 31, 2008**

COMPUTATION OF NET CAPITAL

Stockholder's equity		\$	332,615
Less non-allowable assets:			
CRD account	\$	732	
Other current assets		4,322	
Fixed assets, net		11,229	
Deferred charges		10,000	
			<u>26,283</u>
Net Capital		\$	<u>306,332</u>

AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses	\$	<u>37,152</u>
Total Aggregate Indebtedness	\$	<u>37,152</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum capital requirement	\$	<u>100,000</u>
Excess Net Capital	\$	<u>206,332</u>
Ratio: Aggregate indebtedness to net capital		<u>0.12</u>

KARVY, INC.

**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
As of March 31, 2008**

RECONCILIATION WITH COMPANY'S COMPUTATION

(included in Part IIA, of Form X-17A-5 as of March 31, 2008)

Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	\$ 306,332
Net audit adjustments	<u>0</u>
Net Capital per above	<u>\$ 306,332</u>

**Paolilli, Jarek &
Der Ananian, LLC**

CERTIFIED PUBLIC
ACCOUNTANTS

See accompanying notes
and independent auditors' report.

Gerald F. Paolilli, CPA
Roger P. Jarek, Jr., CPA
Paul G. Der Ananian, CPA

**Paolilli, Jarek &
Der Ananian, LLC**
CERTIFIED PUBLIC
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319 Littleton Road, Suite 101
Westford, MA 01886

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

To the Board of Directors
KARVY, INC.
New York, New York

In planning and performing our audit of the financial statements and supplementary schedules of KARVY, INC. for the year ended March 31, 2008, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

We also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives.

Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be significant deficiencies under standards established by the American Institute of Certified Public Accountants. A significant deficiency is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at March 31, 2008, to meet the SEC's objectives.

This report is intended solely for the use of the management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.


Paolilli, Jarek & Der Ananian, LLC,
Certified Public Accountants

Westford, Massachusetts
May 1, 2008

